GOVERNMENT OF INDIA
MINISTRY OF WORKS, HOUSING AND SUPPLY

No.HII 3(21)/53 Dated New Delhi the 17th June, 1955.

From

Shri N.P. Dube, M.A.(Cantab)
Deputy Secretary to the Government of India

To

All State Governments.

Subject:- Rent-control legislation-its effect on housebuilding activity.

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Sir,

I am directed to say that the Committee on scientific Law cost Housing appointed by the Governing Body of the Council of Scientific and Industrial Research in 1952 have, in their report, observed that some of the existing legislation in the various States on control of house-rents and the requisitioning of premises had the effect of discouraging many investors from investing their capital in the construction of buildings and have, therefore, recommended that such legislation be abolished. While Government of India do not consider that complete abolition of the rent-control measures is feasible or desirable, particularly in so far as it relates to the older buildings, they do feel that the relevant provisions of the existing legislation should be carefully examined and suitably modified or relaxed where necessary, in order to ensure that they do not affect adversely the incentive of private enterprise to invest money in construction of new houses. It will be appreciated that any restriction on the freedon of owners of new buildings in utilising their property as they think best and in fixing rent by mutual consent with their tenants does act as a deterrent in the way of new investments in building industry. The necessity of rent-control restrictions arises out of the present housing shortage, but it cannot be gain said that a long-range solution of the problem depends more on the construction of new houses rather than on the imposition of restrictive measures.

2. In so far as the Centrally administered areas are concerned, Government of India, in view of the above considerations, amended as far back as 1952 the Delhi and Ajmer-Merwara Rent-control legislation, so as to exempt from its purview all premises the construction of which was completed after 1st June, 1951, for a period of seven years from the date of such completion. Government of India also announced in January, 1951, that the houses built for residential purposes and completed on or after the 1st January, 1951, in Delhi would not be requisitioned by Government before 1st January, 1960. In order to give more adequate return to builders on their investment, the rate of interest was also increased from 6¼% to 7% p.a. in the calculation of fair rents.

3. Government of India trust that similar amendments to or exemptions from the existing legislation on rent-control and requisitioning of premises have already been made by most of the State Governments; and those who have not done so, will now consider the desirability of relaxing the rent-control etc. restrictions in regard at least to new constructions.

P.T.O.

4. This Ministry will be grateful if you will kindly indicate the position as it now prevails in your state, and action already taken or proposed to be taken to modify the restrictive features of the existing legislation. Copies of the existing rent-control and requisitioning legislation may also please be furnished to this Ministry.

Yours faithfully,

Sd/- N.P.Dube
Deputy Secretary to the Government of India.

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CSN.22.6.

careful consideration, this suggestion was not accepted by the State Govt. At present, rents of new buildings are fixed by the landlords themselves. If the tenant considers the rent to be excessive, he can move the Court to fix standar rent under Section 11 of the B.R.H. & L.R.C. Act, 1947. Thus under the provisions of the said Act, though the landlords are free to fix rents of new buildings, the tenants are adequately protected against exploitation by unscrupulous landlords.

3. As for the restrictions on the freedom of owners of new buildings in utilising their property, I am to state that there is no restriction on owners of new buildings in utilising their property as they think best, under the provisions of the Bombay Rents Act.

4. I am to state that in the above circumstances, the State Govt. does not consider it necessary at present to modify or relax the provisions of the B.R.H. & L.H.R.C. Act, 1947.

Copies of the B.R.H. & L.H.R.C. Act, 1947, the report of the Rent Inquiry Committee and of B.R.H. & L.H.R.C. 1948. Rules are forwarded herewith for the information of the Govt. of India.

5. As for the existing legislation regarding requisitioning of premises, I am to state that Govt. does not requisiton the first vacancies in new buildings and landlords are permitted to let them out to tenants of their choice. With regard to subsequent vacancies, I am to state that it has been now decided that vacancies in buildings completed after 28-7-48 should

should not be requisitioned and the landlords would be permitted to let out any vacancies occuring in these buildings from time to time to tenants of their choice. Copies of the press note issued in this connection and B.L.R.Act for 1948 and Rules framed the under are enclosed for information.

Yours faithfully,

Id/-

Asst. Secy. to the Govt. of Bombay
R.H.& B.C.Deptt.

Copy forwarded to the R.D. (Accom) for information.

CSN.22.6.